

Message Text

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ACTION AF-18

INFO OCT-01 NEA-10 ISO-00 EB-11 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 PA-04

USIA-15 PRS-01 DRC-01 /177 W
----- 056234

R 121115Z APR 74

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 7351

INFO AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY LUSAKA

AMCONSUL LUBUMBASHI

C O N F I D E N T I A L KINSHASA 3210

E.O. 11652: GDS

TAGS: ENRG, BTRA, CG

SUBJECT: OIL DISTRIBUTION IN ZAIRE

REF: STATE 67847, STATE 67572

1. SUMMARY: HEAD OF PETROZAIRE HAS ACCEPTED IN PRINCIPLE
TEXACO'S OFFER ALONG LINES STATE 67572 TO SET UP JOINT VENTURE
50 PERCENT OWNED BY PETROZAIRE. MOBIL BELIEVES
SIMILAR ARRANGEMENT CAN BE WORKED OUT. END SUMMARY.

2. TEXACO VP POUPEAU AND LOCAL REP SEIBERT MET WITH
EMBASSY APRIL 8 TO DISCUSS STRATEGY. IN COURSE OF
MEETING, TEXACO MADE IT CLEAR PRIMARY OBJECTIVE WAS TO
SAFEGUARD EXPLORATION RIGHTS IT NOW ENJOYS WITH SHELL.

3. ON APRIL 9 TEXACO REPS ACCOMPANIED BY CHARGE MET
WITH MINISTER OF ENERGY MUNTU AND HEAD OF PETROZAIRE.

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POUPEAU STRESSED TEXACO'S DESIRE COOPERATE WITHIN

FRAMEWORK OF GOZ POLICY. HE PROPOSED GOZ (WITH CERTAIN EXCEPTIONS) TAKE OVER ALL OF TEXACO'S ASSETS IN ZAIRE IN RETURN FOR COMPENSATION. A NEW JOINT VENTURE WOULD BE SET UP AND MANAGED BY TEXACO. TEXACO'S PARTICIPATION IN CAPITAL OF NEW CORPORATION WOULD BE MADE UP OF CERTAIN EXISTING TEXACO PROPERTIES (OIL DEPOTS, OFFICES, ETC.) WHICH WOULD BE EXCLUDED FROM TAKEOVER. GOZ PARTICIPATION COULD TAKE FORM OF OTHER PROPERTY FORMERLY BELONGING TO TEXACO AND TAKEN OVER BY GOZ.

4. NEW CORPORATION WOULD, UNDER CONTRACT, PROVIDE PETROZAIRE SERVICES IN FIELDS OF SUPPLY, STORAGE, DISTRIBUTION, AVIATION FUEL, TECHNICAL TRAINING. IT ALSO PREPARED IMPORT AND DISTRIBUTE PRODUCTS UNDER TEXACO BRAND NAME. FINALLY, IT COULD ASSURE COMMERCIAL SUPPLY ON BEHALF PETROZAIRE TO CERTAIN CLIENTS (E.G., CIS AND SMTF).

5. IN MEANTIME, TEXACO ORGANIZATION WOULD BE PERMITTED TO CARRY ON AS BEFORE TAKEOVER.

6. MUNTU READ PROPOSAL AND SAID ONLY ACCEPTABLE SOLUTION TO GOZ STILL WAS COMPANIES' PARTICIPATION IN PETROZAIRE. (IN PASSING HE NOTED "OIL PRODUCING COUNTRIES" HAD DEMANDED ZAIRE NATIONALIZE PETROLEUM DISTRIBUTION AND MARKETING.) HOWEVER, HE UNDERSTOOD US ANTITRUST LAWS PROHIBITED OIL FIRMS FROM BELONGING TO SAME MARKETING ORGANIZATION. HE REFERRED PROPOSAL TO MPEYE OF PETRO ZAIRE FOR STUDY AND DISCUSSION.

7. APRIL 11 TEXACO REPS SAID MPEYE HAD APPROVED ALL OF FOREGOING IN PRINCIPLE EXCEPT PARA FIVE ABOVE WHICH THEY HAD NOT EXPECTED. THEY HOPE TO HAVE THIS CONFIRMED IN WRITING IN NEXT FEW DAYS.

8. MOBIL REPS LEANARD AND WILLIAMS IN SEPARATE CONVERSATION SAID THEY CONTINUE TO DISCUSS DETAILS THEIR PROPOSAL (KINSHASA 2648) WITH PETROZAIRE. THEY ASSUME GOZ IN AGREEMENT BUT DO NOT HAVE WRITTEN CONFIRMATION.

9. COMMENT: MPEYE'S STATEMENT, IF CONFIRMED IN WRITING, CONFIDENTIAL

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WOULD BE MAJOR BREAKTHROUGH FOR OIL COMPANIES. AS DEPT KNOWS, MOBIL STRONGLY WISHES TO RETAIN 51 PERCENT OWNERSHIP OF ITS NEW CORPORATION. THIS NO LONGER APPEARS ATTAINABLE GIVEN TEXACO'S PROPOSAL. MOREOVER, TEXACO QUITE FLEXIBLE ON MODALITIES OF COMPENSATION WHEREAS MOBIL WANTS EARLY SIZEABLE "GOOD FAITH" INSTALLMENT. WE UNDERSTAND SHELL HAS SUBMITTED PROPOSAL SIMILAR TO MOBIL'S AND TEXACO'S BUT HAS PRECONDITION OF IMMEDIATE,

TOTAL COMPENSATION. THIS PRECONDITION HAS GONE DOWN BADLY WITH GOZ AND LEFT TEXACO AND MOBIL IN RELATIVELY FAVORABLE POSITION PROVIDED LATTER DOES NOT PROVE TOO STICKY ON EARLY "GOOD FAITH" PAYMENT. GOZ SOMEWHAT OVERWHELMED BY SIZE OF MOBIL TEAM SENT OUT FROM NY AND PROBABLY WILL NOT BE READY TO DECIDE DETAILS UNTIL IT HAS CONSIDERED ALL THREE PROPOSALS. END COMMENT.

10. US COMPANIES REPORT GOZ HAS PURCHASED IN TEHRAN 200,000 MT CRUDE AND 500,000 MT REFINED PRODUCTS WHICH IRAN WILL HELP TRANSPORT. RUMOR HERE IS THAT PRODUCERS AT RECENT TRIPOLI MEETING DECIDED NDOLA REFINERY IN ZAMBIA WOULD BE USED TO SUPPLY SHABA. US COMPANIES HERE DOUBT NDOLA CAN PRODUCE KINDS AND QUANTITIES OF POL PRODUCTS REQUIRED TO ENABLE ZAIRE TO BECOME INDEPENDENT OF BENGUELA RAILROAD FOR PETROLEUM SUPPLIES IN COPPER REGION.
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